



CENTRAL BANK OF NIGERIA

PRESS RELEASE

CBN WITHDRAWS CLASS A BUREAU DE CHANGE LICENCES

The Central Bank of Nigeria has decided to withdraw the licences of all existing Class 'A' Bureau De Change BDCs with effect from November 8, 2010. The withdrawal is part of measures to stem the gross abuses of the enhanced Class 'A' BDC in line with the CBN's avowed commitment to eradicate money laundering.

The Class 'A' BDCs, whose licences have been so withdrawn are, however, free to apply for Class 'B' licence with the attendant privileges by fulfilling the stipulated licensing requirements. The CBN shall also, within 30 days, refund all mandatory caution deposits lodged with the Bank.

It will be recalled that the CBN had on February 26, 2009 restructured BDCs into categories A and B in order to further liberalise the foreign exchange market and enhance its allocative efficiency. The main objective was to facilitate end-user access to foreign exchange supply from official sources in order to boost economic growth by promoting productive efficiency of small and medium scale enterprises.

The latest appraisal of the policy initiative, however, revealed gross abuses of the enhanced official funding of the Class A category of the BDCs and the negation of the expected benefits to the economy. Available information also revealed that the target end-users have been sidelined while large transactions that should have been channelled through the banking system have been carried out through Class 'A' BDCs. The Bank has also been inundated with complaints from foreign countries that some Nigerian travellers indulge in cross-border transportation of large sums of foreign currency in cash. Indeed, returns from the Nigerian Customs Services on foreign currency declaration by travellers show that large amounts, up to US \$3million cash have been taken out of the country by individuals in single trips. These are worrisome developments that negate the expected benefits from further liberalisation of the foreign exchange market.

The CBN shall continue to monitor the operations of the BDCs with a view to fine-tuning the operational guidelines for enhanced efficiency.

Signed:

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